

SUBJECT: ACCOUNTING AND RECONCILING— NON-CAPITAL OUTLAY EQUIPMENT	FIM NUMBER: 2002-08
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REFERENCES: STATE ADMINISTRATIVE MANUAL SECTIONS 7969, 8600-8672 DEPARTMENT OPERATIONS MANUAL SECTIONS 21070.1-.9, 22030.12, 22030.12.2 ACCOUNTING INFORMATION MEMO 99-10, 99-11	DATE: 12/18/02
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PURPOSE

The purpose of this Financial Information Memo (FIM) is to clarify the responsibilities and standardize the property accounting and reconciliation functions for equipment at the California Department of Corrections' facilities.

DISCUSSION

Accepted accounting practices require communication, coordination and a clear division of responsibility for critical accounting and reconciliation functions. Property accounting procedures are designed to maintain uniform accountability for State property. The combination of accurate accounting records and strong internal controls must be in place to protect against, and detect, the unauthorized use of State property.

BACKGROUND

Recent audits conducted by the Department of Finance have identified communication and coordination weaknesses between the property controllers and the Accounting Offices (AO) in the area of property accounting. These audits specifically addressed the need for clarification of the responsibilities of property reconciliations. The two required reconciliations related to equipment are (1) the reconciliation of property transactions with the change in General Ledger accounts; and (2) the reconciliation of the subsidiary and general ledger control totals.

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ACTION REQUIRED

The Property Controller (PC) retains responsibility for recording and reconciling equipment to the Property Control System (Property Ledger). The AO retains responsibility for recording and reconciling changes to the General Fixed Assets Accounts Group (GFAAG) maintained in the California State Accounting and Reporting System (CALSTARS).

The following identifies the events that must occur at the CDC facilities and the AO in order to ensure that all equipment reconciliations are completed monthly.

If you have further questions regarding this FIM, please contact your Accounting Office.

WENDY STILL
Deputy Director
Financial Services Division

Attachments

cc: Institution Regional Administrators
Regional Accounting Administrators
Accounting Policies and Procedures

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PROPERTY CONTROLLER SECTION

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INSTRUCTIONS FOR PROPERTY CONTROL SYSTEM (PCS) 4.5B VERSION

ATTACHMENTS:

- (A) – Property Control System Monthly Reconciliation
- (B) – Reconciling Items Report
- (C) – Property Controllers Validated CALSTARS Entries/Monthly Reconciliation Memo

Field Code Changed

EXAMPLES:

Potential scenarios when preparing monthly reconciliation:

- SCENARIO #1 – PCS “Prior Monthly Ending Balance” changed from previous month
- SCENARIO #2 – Valid auto auction refund entry posted to H11, PC never notified
- SCENARIO #3 – Invalid auto auction refund entry posted to H11, PC never notified

Scenarios contain the following documents:

1. Attachment (A)
2. Attachment (B)
3. Attachment (C) *(Shown in Scenario 1 only)
4. Property Management Report
5. Property Control System List – “Item List by Property Number” (Shown in Scenario 1 only)
6. Edit Summary Report
7. CALSTARS Reports (G05, H11, & HG1) *(Scenario 2 & 3 will use same reports)
8. Non-CALSTARS documentation (Refer to pages 8-9 for different types)

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INSTRUCTIONS TO THE PROPERTY CONTROLLER TO PREPARE FOR MONTHLY RECONCILIATION REGARDING MAJOR EQUIPMENT

The Property Control System requirements to facilitate accurate reconciliations:

- 1. Entries cannot be made on the first and last calendar day of each month.**
- 2. Entries cannot have a transaction date in a prior month.**
Note: Improperly dated entries can result in a change of the ending balance of one month to the beginning balance of the next. (See note on page 6 for further instruction on “Balance Discrepancies”)
- 3. All changes (adds, subtractions, transfers, surveys, trade-ins and gifts) to Property Control System (PCS) must be supported by clear documentation to the AO.**

Non-CALSTARS major equipment that will be recorded in PCS:

- **Property Transfer Request** (*Std. 158 - Property Transfer Report*) **and Trade-Ins** (*SAM 8642*) Transfers to/from other CDC locations, other institutions, and CDC headquarters must be recorded at the original acquisition date and cost. Transfers to other state agencies, record at original cost and transfer out at current value.
- **Gifts/Donations** (*CDC 922 – Authorization To Accept Gifts/Donations*) **& Federally funded equipment** received at the institution must be included in the property ledger at the fair market value on the date the gift is received.
- **Purchases through Headquarters Accounting Services Section** (*Std. 158*) HASS will provide the actual cost. All equipment at the institution must be included in the property ledger at the determined capital cost (CALSTARS Report/H11 expenditure column) which will be furnished along with Transfers of Location of Equipment (TLE), received from HASS. PC will analyze TLE to determine if transaction should be entered into PCS as Major equipment (GL2341, Building (GL2321) or Improvements (GL2331).
- **Property Survey Report** (*Std. 152 – Property Survey Report*) Dispositions of equipment must be deleted from the property ledger at the recorded value shown in the property ledger.
- **Replacement equipment** needs to be adjusted in Property Controller's system if abatement (Ex. Auto Auction) posts as a credit on H11 (Transaction Code (TC) 104). An Edit printout is to be attached to monthly reconciliation to show what item has been decreased.
(Note: If no replacement, refund will be posted as revenue). AO will have to verify with PC, before posting refund to determine how deposit will be recorded.

Definitions of all Non-CALSTARS are discussed in further detail on pages 8-9.

Transaction Analysis Report for Equipment (CALSTARS H11 Report):

- Equipment is added to the PCS (property ledger) when equipment is received with Contract Delegation Order (CDO) total, and a copy is sent to AO along with PC reconciliation.
- **After** the equipment has been paid, (which is the total capital cost determined by H11-total expenditure column) **adjust the original entry of equipment in PCS prior to completing the PC's reconciliation.**

All H11 transactions are recorded all through the month in PCS, see page 6 for further instructions on how these transactions are handled after payment is made.

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No later than the 9th of the calendar month (prior to month end closing):

1. PC will prepare all Non-CALSTARS major equipment supporting documentation: Property Transfer Reports, Trade-Ins, Authorization to Accept Gifts/Donations, purchases made by HASS and Federally Funded Equipment (Letters & all other documentation received from HASS and Program Coordinator), and Property Survey Reports.

The PC also will verify validity of entries on the H11 and notate any discrepancies, if any, on report. Invalid entries will not be capitalized in the General Fixed Assets Accounts Group (GFAAG) in CALSTARS that appear on H11.

The H11 shows actual cost of equipment that the AO has paid. The capitalized cost must include all costs to acquire, install, and prepare the equipment for its intended use. These additional costs may not have been charged to the equipment object code and therefore may not be reflected on the H11. (Reference SAM 8614 & 8631)

AO will review CDO's to ensure all related costs are charged to correct equipment object code. Any reoccurring cost for maintenance on copiers would not be coded to major equipment. AO will identify for PC (on H11 before sending) any adjustments that have been made & will or will not be reflected in the PC reconciliation (i.e.- Erroneous postings of minor equipment to major equipment object code).

The PC's Non-CALSTARS Entries & verified H11 (with notations and/or documentation) will be sent to the AO along with reconciliation. Property Controllers Validated CALSTARS Entries/Monthly Reconciliation memo (Attachment C) will be used when sending documentation.

2. The Property Controller will perform a monthly reconciliation (Attachment A) of the Property Control System's Major Equipment Transactions using CALSTARS reports (G05, HG1 & H11) from AO. Use Reconciling items Report (Attachment B) if more space is required. *Note: If no entries for the month, still run a Property Management Report and reconciliation and send to AO.*
3. The reconciliation will be reviewed and signed by the Property Controller's supervisor.
4. The reconciliation and the following attachments will be sent to the AO:
 - ❖ The Property Management Report
 - ❖ The Property Control System List – "Item List by Property Number" only (Showing just prior month activity and any Edit Summary Reports – Full list, quarterly)

Note: (Balance Discrepancies) - Beginning balance must be verified to prior month ending balance. These figures should be the same, if not, Property Control System "Edit Summary Report" should be attached and forwarded to AO along with explanation of difference.

Quarterly, the Property Controller will provide a complete property listing of major equipment \$5000 and above only, to the AO. This will insure the accuracy and completeness of the institution's GFAAG on Year-End Reports. **Note: Physical inventory should be performed every 3 years. *ACCOUNTING MUST CLOSE ON THE 15TH OF THE CALENDAR MONTH***

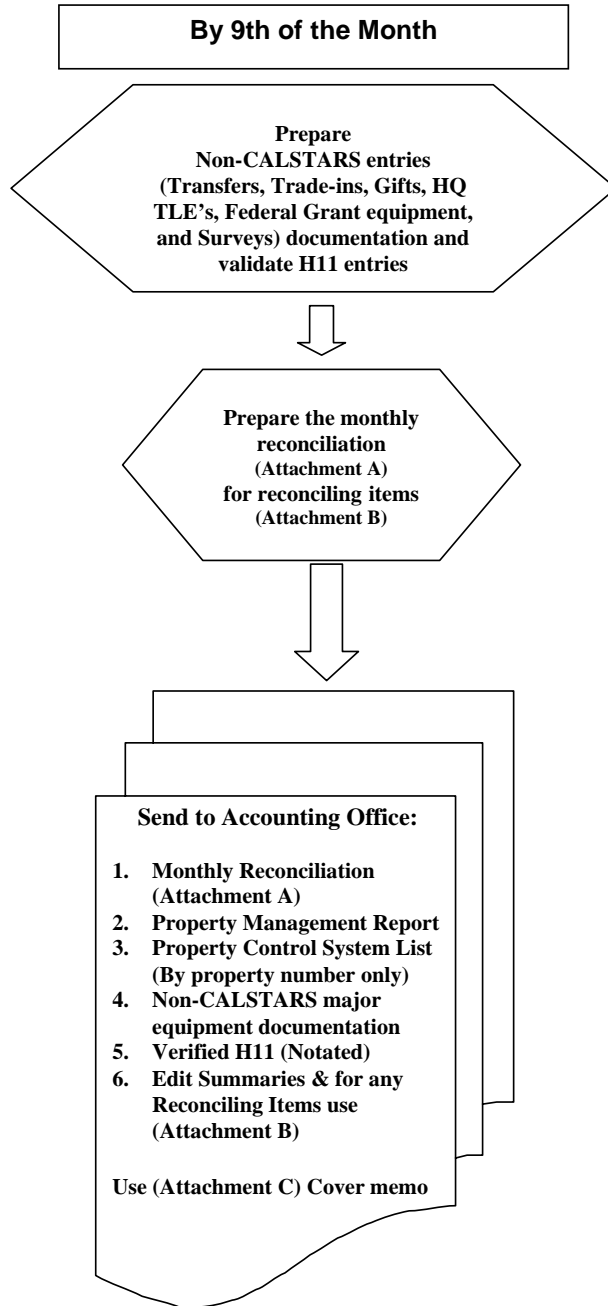
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**MAJOR EQUIPMENT FLOW CHART
FOR
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DEFINITIONS FOR TRANSACTIONS RECORDED INTO THE PROPERTY CONTROLLERS SYSTEM FOR THE PREPARATION OF THE MAJOR EQUIPMENT MONTHLY RECONCILIATION

- 1) The **Transaction Analysis Report for Equipment**, CALSTARS H11, is used to determine which items of equipment should be recorded in the Fund 0997, General Fixed Assets Account Group (GL-2341). This is a report to assist in preparing inventory and property records. The report contains information about each transaction with the identifying source document.
- 2) The **Property Transfer Request** (Std. 158) is referred to in SAM 8640 as Transfers of Location of Equipment (TLE) report, which include prior approval along with Trade-ins (SAM 8642). A TLE is also completed for equipment transfers out of an agency. Transfers received **from other state agencies** are increases to the property ledger at the current value. Transfers **to other agencies** are decreases to the property ledger at the original cost that was entered into the PCS. The PC must forward to the AO copies of the Std. 158 for any major equipment related to the monthly reconciliation. This is a non-CALSTARS transaction and major equipment must be adjusted in the CALSTARS accounting records, Fund 0997, General Fixed Assets Account Group (GL-2341). **Departments (transferees) which acquire property free of charge from other State departments (transferors) will record the asset at the same cost as was recorded on the books of the transferor department.** (*Reference SAM 8633 & 8621*)
- 3) Authorization to Accept Gifts/Donations (CDC 922) provides the fair market value of property acquired by gift/donation to the institution. Refer to SAM 8634 for the legal procedures. The PC must forward to the AO copies of the CDC 922 for major equipment gifts/donations related to the monthly reconciliation. This is a non-CALSTARS transaction. Real property and major equipment must be adjusted in the CALSTARS accounting records, Fund 0997, General Fixed Assets Account Group.
(*References - Dept. Operations Manual (DOM) - Article 7 - 21070.1 - .9*)
- 4) **Institution equipment purchased through Headquarters Accounting Services Section (HASS)**. HASS must forward to the PC, copies of H11, along with any necessary documentation (TLE, CDO, Invoice, etc.) that will reflect AO payment, which will support recorded totals entered into PCS. A Std. 158 is completed to document the location of the equipment and forwarded to the AO, along with any other documentation received from HASS for major equipment related to the monthly reconciliation. This is a non-CALSTARS transaction and major equipment must be adjusted in the CALSTARS accounting records, Fund 0997, General Fixed Assets Account Group (GL2341).
- 5) The **Property Survey Report** (Std. 152) must be submitted for approval prior to disposition of any State-owned property. Refer to SAM 3520 for the legal procedures. The Property Controller must forward to the AO **completed copies** of the Std. 152 for major equipment **related to the monthly reconciliation**. This is a non-CALSTARS transaction and major equipment must be adjusted in the CALSTARS accounting records, Fund 0997, General Fixed Assets Account Group, as of the disposition date. (*Reference SAM 8621, 8640*)

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- 6) All **replacement equipment** needs to be adjusted in Property Controller's system if abatement (Ex. Auto Auction) posts as a credit on H11 (Transaction Code (TC) 104). AO will decrease GL-2341 by the credit amount on H11. If more than one item to capitalize, credit will be included in the net total of expenditures for major equipment.
- 7) **Major equipment that has been purchased by Federal Grants** (ex: Education) **should be tagged with a Federal tag and documentation sent to the AO.** This equipment will not be entered into the PCS with a value and the AO will not enter into CALSTARS at that time. Manual records will be kept on these items with the purchased dollar amount by PC and AO. When the equipment is no longer needed, for the original grant supported project or program, it is the Headquarters (HQ) Grant Coordinators responsibility to notify the receiving unit on how the equipment will be disposed of.
(Note: This could be up to 5 years from date of purchase).

The HQ Grant Coordinator will have the final decision if the equipment should be surveyed out, or transferred as a gift/donation to the unit that has housed the equipment for the period that the program was in effect. **If the HQ Grant Coordinator decides that the item will be a donation to the unit, then at that time, PC will enter fair market value into the PCS system, tag the equipment with a State tag, and remove Federal tag.** If the equipment originally was purchased for \$5000 or more, PC will notify the AO by sending the necessary documentation to record the major equipment into CALSTARS (GL2341). If equipment will not be capitalized, PC will let AO know so prior documentation sent to AO can be put in a "Closed File".

(Reference: AIM99-11 (Sec. VII) Appendix C, Uniform Administrative Requirements for Grants & Cooperative Agreements to State & Local Governments – 34 CFR Part80, 80.32,80.33,80.42 & American Vocation Audit Handbook – Use of Section 235 Equipment, Use of Other Perkins Equipment, and Equipment Management & Disposal)

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PROPERTY CONTROL SYSTEM (PCS) 4.5B VERSION

Never input on the 1st calendar date or the actual last calendar date of any month i.e. if you have 30 days in a month, then you will not input on the 1st or the 30th, only the calendar days in between.

For every purchase order (P.O.) you will be inputting, only one transaction date can be assigned per P.O. (transaction date is a separate date from the acquired date in the PCS input data field. Transaction date is your input date).

The same applies for transfers (TLE) and surveys (PSR) only one transaction date per PSR or TLE. In a case where you have multiple line items in a survey and only one or a selected few items are surveyed for a particular date, then assign one transaction date for the equipment surveyed. You may then assign another transaction date in the future for the rest of the items not yet surveyed.

Edits and changes do not need another transaction date since they have already been assigned one when inputted initially.

All edits, changes, additions (new inputs), transfers and surveys with a value of \$5,000 (individual equipment cost) or more must be reported to your assigned AO. This will be included in your monthly reconciliation report. If these changes for any particular month occur after the reconciliation report has been submitted, these must still be reported to Accounting along with back-up paper work. Remember your total equipment dollar balance must always balance with the latest reconciliation report you have submitted to Accounting. Always keep track of your submitted reconciliation reports. Your ending balance of every month must always be the same as the beginning of the following month. If there are any discrepancies in the beginning balance, all edits should make-up the difference along with an explanation as to why changes were made.

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PROPERTY CONTROL SYSTEM (PCS) 4.5B VERSION

RECOMMENDED STEPS TO INPUTTING:

- 1) Prep all necessary information for inputting into the PCS input data field, i.e. Purchase Order (P.O.) information, costs, serial #'s, acquired date, and tag #.
Assign transaction dates to your P.O.'s, transfers, and surveys.
- 2) In your PCS system, Select the drop down menu under "Add" and select "1 Inventory".
Input all information and continue to input all equipment in one P.O., transfer, or survey.
- 3) After inputting P.O.'s proceed to input transfers and/or surveys.

When double checking your entries:

- 4) Select the drop down menu under "Reports" and select "4 Status by Location", then select "Individual Location" and enter the location code of all P.O.'s, transfers or surveys you have just inputted. Enter your transaction date range, which would be the transaction date you have assigned to the last P.O., transfer or survey, i.e. for a transaction date of "07/13/01", you will enter 07/13/01 To 07/13/01. Follow this through to produce a printed report. This detailed report will be included along with your monthly reconciliation as well as your PO's, transfers, and surveys documentation.

When ready to print reports:

- 5) Select the drop down menu under "Reports". Select "Z Reconciliation Report" and your Billing Unit, and then enter your reconciliation date range, which should be the 1st calendar day of the month to the actual last day of the particular month you are reporting. The system will now ask you for a "Lower Cost Limit" amount that you will need to enter. Enter \$5,000, which you will include in your report package to be submitted to Accounting that will support your ending balance on your reconciliation.

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ATTACHMENTS FOR PROPERTY CONTROLLER

(Note: Go to the Table Of Contents to link to each document)

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ACCOUNTING OFFICE SECTION

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DEFINITIONS AND INSTRUCTIONS FOR THE ACCOUNTING OFFICE FOR ANALYSIS OF TRANSACTIONS RECORDED IN THE GENERAL FIXED ASSETS ACCOUNTS GROUP (GFAAG) FOR MAJOR EQUIPMENT

ATTACHMENTS:

- (B)** – [Reconciling Items Report](#) (See PC Attachment Section)
- (D)** – [Analysis of Transactions Worksheet](#)
- (E)** – [CALSTARS Batch Header Slip](#)
- (F)** – [GFAAG – Monthly Reconciliation](#)
- (G)** – [Accounting Office Monthly Documentation/Reconciliation Memo](#)

EXAMPLES:

Potential scenarios when preparing monthly reconciliation:

- [SCENARIO #1](#) – PCS “Prior Monthly Ending Balance” changed from previous month
- [SCENARIO #2](#) – Valid auto auction refund entry posted to H11, PC never notified
- [SCENARIO #3](#) – Invalid auto auction refund entry posted to H11, PC never notified

Scenarios contain the following documents:

1. Attachment (B) [\(See PC Section\)](#)
2. Attachment (D)
3. Attachment (E)
4. Attachment (F)
5. [Attachment \(G\)](#)
6. CALSTARS Reports (G05, H11, & HG1) *(Scenario 2 & 3 will use same reports)
Reports located in the PC Scenarios section

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INSTRUCTIONS TO THE ACCOUNTING OFFICE TO PREPARE, RECORD AND RECONCILE THE GENERAL FIXED ASSETS ACCOUNTS GROUP (GFAAG) TO THE PROPERTY CONTROL SYSTEM

The Accounting Office requirements to facilitate accurate reconciliations:

No later than the 4th of the calendar month (prior to month end closing):

PREPARE:

1. The AO will order and review the equipment expenditure information on the CALSTARS Prior Fiscal Month H11 Report (Transaction Analysis Report for Equipment – see Definitions on page 19) for accuracy and make notations if H11 has any erroneous postings to major equipment object codes. (See below what level to order report)

*The capitalized cost must include all costs to acquire, install, and prepare the equipment for its intended use. These additional costs may not have been charged to the equipment object code and therefore may not be reflected on the H11. AO will have to review Contract Delegation Orders (CDO's) to ensure all related costs are charged to equipment correct object code. Any reoccurring cost for maintenance on copiers would not be coded to major equipment. AO will have to identify for **Property Controller (PC)** (on H11) any adjustments that have been made & will or will not be reflected in the PC reconciliation. (i.e. – Erroneous postings of minor equipment to major equipment object code)*

Note: A prior year H11 report must be reviewed for any adjusting entries posted in FM13. Accruals posted to equipment object codes will post to the FM13 H11 since accrual transactions post as expenditures. Therefore, it is recommended that outstanding equipment purchase orders be validated as encumbrances at Year-end. When the payment is subsequently made in the new fiscal year, the true capitalized cost will be identified on the H11 by the actual payment transaction.

2. AO will send one copy of each report to the Property Controller, and keep a copy for the AO reconciliation.

- ✓ G05—Statement of Changes in General Fixed Assets
(PM, Level 0002)
And
- ✓ HG1—General Ledger Account Analysis
(PM, Level 1101, Fund 0997, GL2341)
And
- ✓ H11—Transaction Analysis Report for Equipment
(PM, Level 0000) by Regional Accounting Offices
(PM, Level 1000) by Headquarters Accounting Services Section

Note: The AO will provide the Property Controller with copies of all related invoices for major equipment on the H11 report. If no report for the month, notify PC by checking the box on the Accounting Office Monthly Documentation/Reconciliation memo (Attachment G), which states that, no H11 entries for the prior month.

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THE ACCOUNTING OFFICE'S RESPONSIBILITIES:

- ❖ *Make sure all Contract Delegation Orders (CDO's) are properly coded with object codes for major equipment (451-488) and minor equipment (226.01,02,10).*
- ❖ *Make sure claim schedules are cutoff last day of the month so reports can be ordered on the 1st working day of the month*
- ❖ *Coordinate with Cashiering Unit to make sure Auto Auctions are posted correctly*

****ACCOUNTING MUST CLOSE ON THE 15TH OF THE CALENDAR MONTH****

RECORD:

Prior to the 15th of the calendar month (prior to month end closing):

1. The AO will post into CALSTARS using (Attachment D & E) Analysis of Transactions Worksheet & CALSTARS Batch Header Slip, for the prior month, Fund 0997, the entries identified by the PC. These entries include major equipment expenditures listed on the H11 Report and Non-CALSTARS entries (See Definitions and Instructions on pages 19 – 20). After adjustments are posted, the AO will verify postings.
2. The AO will make sure **all** H11 adjustments and all non-CALSTARS entries (surveys, transfers, gifts, trade-ins & HQ purchases) from the Property Controller have been recorded into the GFAAG in CALSTARS before closing the prior fiscal month.
(Note: If entries are not in before closing, these entries will become reconciling items)
3. Close prior month and order final monthly reports for prior month end; these reports will be sent to PC along with reconciliation.

RECONCILE:

No later than the 20th of the calendar month (after month end closing):

1. The AO will perform a reconciliation (Attachment F) of the Property Controller's records to the GFAAG for General Ledger Account 2341—Equipment. The Accounting Records balance and the Property Records value must reconcile to each other. Use (Attachment B) if additional space for reconciling items is needed and (Attachment G) memo when sending monthly reconciliation. The reconciliation will be reviewed and signed by the AO's supervisor. **(Use CALSTARS Reports - and PC Non-CALSTARS entries)**
2. A completed and signed copy of the reconciliation and copies of all supporting documentation for reconciling items will be sent to the Property Controller for their files.

Quarterly, the Property Controller will provide a complete property listing to the AO. The AO will reconcile the property listing to insure that the total value of the property ledger equals the total value of the GFAAG. This will insure the accuracy and completeness of the institution's GFAAG on Year-End Reports.

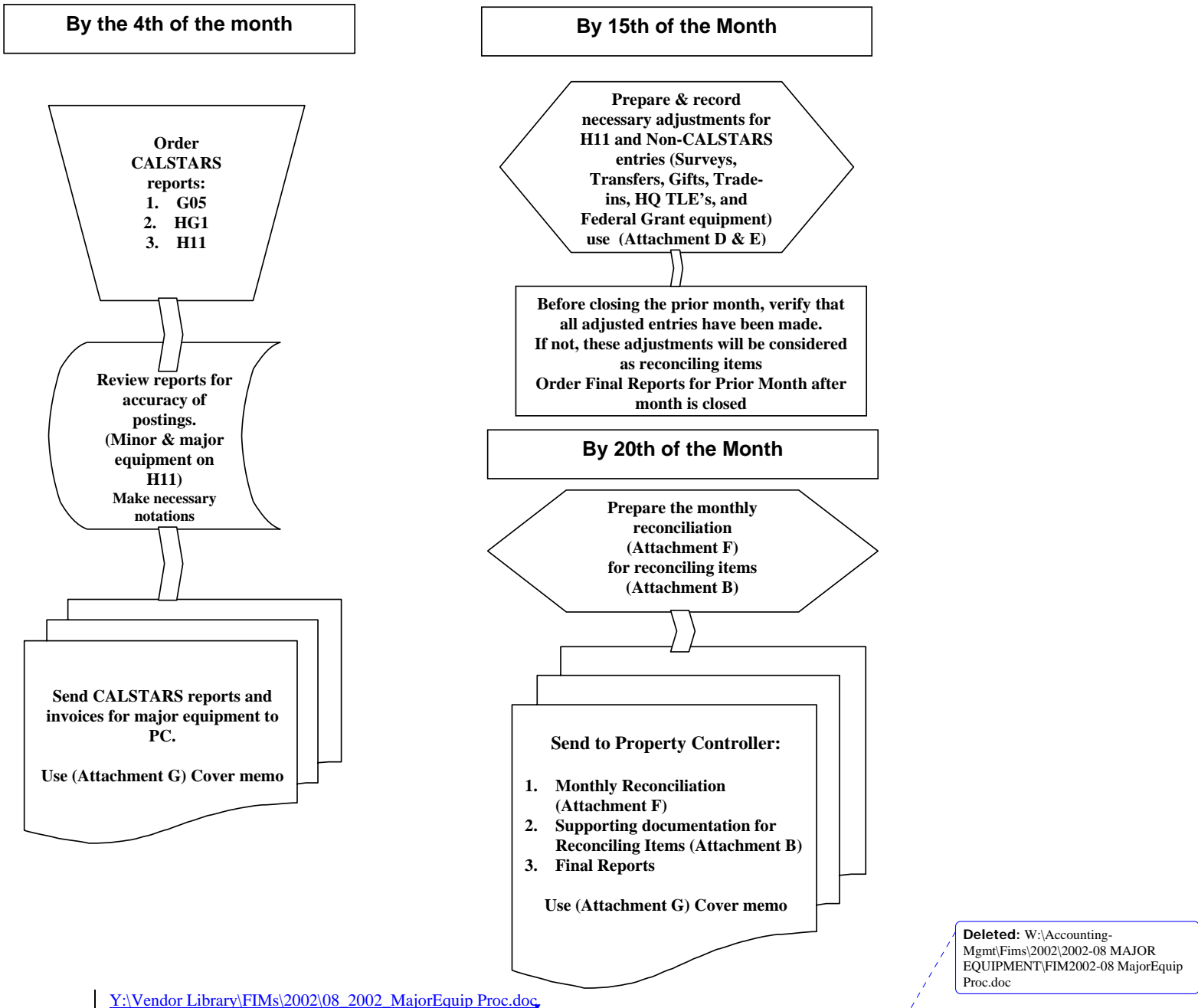
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**MAJOR EQUIPMENT FLOW CHART
FOR THE ACCOUNTING OFFICE**



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DEFINITIONS AND INSTRUCTIONS FOR THE ACCOUNTING OFFICE FOR ANALYSIS OF TRANSACTIONS RECORDED IN THE GENERAL FIXED ASSETS ACCOUNTS GROUP (GFAAG) FOR THE MAJOR EQUIPMENT

- 1) The **Transaction Analysis Report for Equipment**, CALSTARS H11, is used to determine which items of equipment should be recorded in the Fund 0997, General Fixed Assets Account Group (GL-2341). This is a worksheet to assist in preparing inventory and property records. The H11 shows actual cost of equipment that the **Accounting Office (AO)** paid. The report contains information about each transaction with the identifying source document. *(Equipment is added to the Property Control System (PCS) "property ledger" when equipment is received with Contract Delegation Order total) **After** the equipment as been paid, (which is the total capital cost determined by H11-total expenditure column) an adjustment of the original entry of equipment is made in PCS.*
(Reference SAM 8614 & 8631)
- 2) The **Property Transfer Request** (Std. 158) is referred to in SAM 8640 as Transfers of Location of Equipment (TLE) report, which include prior approval along with Trade-ins (SAM 8642). A TLE is also completed for equipment transfers out of an agency. Transfers received **from other state agencies** are increases to the property ledger at the current value. Transfers **to other agencies** are decreases to the property ledger at the original cost that was entered into the PCS. The PC must forward to the AO copies of the Std. 158 for any major equipment related to the monthly reconciliation. This is a non-CALSTARS transaction and major equipment must be adjusted in the CALSTARS accounting records, Fund 0997, General Fixed Assets Account Group (GL-2341). **Departments (transferees) which acquire property free of charge from other State departments (transferors) will record the asset at the same cost as was recorded on the books of the transferor department.** *(Note: Transfers to/from other CDC locations, other institutions, and CDC headquarters must be recorded at the original acquisition date and cost.)*
(Reference SAM 8633 & 8621)
- 3) **Authorization to Accept Gifts/Donations** (CDC 922) provides the fair market value of property acquired by gift/donation to the institution. Refer to SAM 8634 for the legal procedures. All gifts/donations received at the institution must be included in the property ledger at the fair market value on the date the gift is received. The institution must forward to the AO copies of the CDC 922 for major equipment gifts/donations related to the monthly reconciliation. This is a non-CALSTARS transaction. Real property and major equipment must be adjusted in the CALSTARS accounting records, Fund 0997, General Fixed Assets Account Group.
(References - Dept. Operations Manual (DOM) - Article 7 - 21070.1 - .9)
- 4) **Institution equipment purchased through Headquarters Accounting Services Section (HASS).** HASS must forward to the PC, copies of H11, along with any necessary documentation (TLE, PO, Invoice, etc.) that will reflect AO payment, which will support recorded totals entered into PCS. A Std. 158 is completed to document the location of the equipment. All equipment at the institution must be included in the property ledger at the determined capital cost (H11 expenditure column). The Std. 158 will provide the actual cost of purchases through HASS. PC will analyst TLE to determine if transaction should be entered into PCS as Major equipment (GL2341), Buildings (GL2321), or Improvements (GL2331). Copies of the Std. 158 and any other documentation received from HASS for major equipment, related to the monthly reconciliation, must be forwarded to the AO. This is a non-CALSTARS transaction and major equipment must be adjusted in the CALSTARS accounting records, Fund 0997, General Fixed Assets Account Group (GL2341).

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- 5) The **Property Survey Report** (Std. 152) must be submitted for approval prior to disposition of any State-owned property. Refer to SAM 3520 for the legal procedures. Dispositions of equipment must be deleted from the property ledger at the recorded value shown in the property ledger. The Property Controller must forward to the AO **completed copies** of the Std. 152 for major equipment **related to the monthly reconciliation**. This is a non-CALSTARS transaction and major equipment must be adjusted in the CALSTARS accounting records, Fund 0997, General Fixed Assets Account Group, as of the disposition date. (*Reference SAM 8621, 8640*)
- 6) All **replacement equipment** needs to be adjusted in Property Controller's system if abatement (Ex. Auto Auction) posts as a credit on H11 (Transaction Code (TC) 104).

An Edit printout is to be attached to monthly reconciliation to show what item has been decreased and forwarded to AO. AO will decrease GL-2341 by the credit amount on H11. If more than one item to capitalize, credit will be included in the net total of expenditures for major equipment. (Note: If no replacement, refund will be posted as revenue. AO will have to verify with PC, before posting refund to determine how deposit will be recorded.

- 7) **Major equipment that has been purchased by Federal Grants** (ex: Education) should be **tagged with a Federal tag and documentation sent to the AO**. This equipment will not be entered into the PCS with a value and the AO will not enter into CALSTARS at that time. Manual records will be kept on these items with the purchased dollar amount by PC and AO. When the equipment is no longer needed, for the original grant supported project or program, it is the Headquarters (HQ) Grant Coordinators responsibility to notify the receiving unit on how the equipment will be disposed of. (**Note: This could be 5 years from date of purchase**).

The HQ Grant Coordinator will have the final decision if the equipment should be surveyed out, or transferred as a gift/donation to the unit that has housed the equipment for the period that the program was in effect. **If the HQ Grant Coordinator decides that the item will be a donation to the unit, then at that time, PC will enter fair market value into the PCS system, tag the equipment with a State tag, and remove Federal tag.** If the equipment originally was purchased for \$5000 or more, PC will notify the AO by sending the necessary documentation to record the major equipment into CALSTARS (GL2341). If equipment will not be capitalized, PC will let AO know so prior documentation sent to AO can be put in a "Closed File".

(Reference: AIM99-11 (Sec. VII) Appendix C, Uniform Administrative Requirements for Grants & Cooperative Agreements to State & Local Governments – 34 CFR Part80, 80.32,80.33,80.42 & American Vocation A.

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**ATTACHMENTS
FOR
THE ACCOUNTING OFFICE**

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EXAMPLES FOR PROPERTY CONTROLLER

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